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CENTRAL INTELLIGENCE AGENCY

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SUBJECT

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Status of Yugoslav-Soviet Trade Relations in Austria

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DDA Memo, 4 Apr 77

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1. On 6 January 1949, according to statements made opened are Stankovicky deputy 02 Yugoslav commercial attaché in Vienna, the Soviets in Vienna cut their request for Yugoslav agricultural produce to less than 30 percent of their previous requirements. The produce purchase orders had previously been submitted monthly; at present, they are being submitted quarterly. Captain Mashin, purchasing director for the Soviet Military Stores, allegedly stated in confidence that he has been ordered to decrease his Yugoslav purchases and increase his rurchases from Bulgaria and Hungary, but doubted that the latter two countries could satisfy Soviet requirements. Comment: This is the first sign noted by source of a deterioration of Yugoslav-Soviet trade relations in Vienna. This is not confirmed by other current developments reported below.)

- 2. On 9 January, a Zagreb Minister of Trade official stated that the Central Yugoslav Trade Ministry had concluded an agreement whereby Yugoslav fruit pulp production for 1949, mostly apples, will be sold to the Soviets. These shipments are to total more than 10,000 tons. Three months prior to the above date, the Soviets had informed the Yugo-slavs that they were not interested in fruit pulp.)
- 3. On 3 January, according to Stankovic, Osipov, head of USIA (Administration of Soviet Property in Austria) Buying and Selling Department, agreed to permit the Yugoslavs to rurchase "transit goods" of all sorts in Vienna.

 Comment: "Transit goods" refers to goods from abroad, which are

shipped through Austria and are not subject to Austrian taxes unless sold while in transit. In this case, the law requires the payment of customs duties on all goods other than those purchased by one of the occuration powers.) Osipov will provide declarations certifying that the purchases are intended for the use of Soviet forces, and the Yugoslavs will reimburse USIA for this service. Corport: This assistance was not provided in previous transactions with the Yugoslav trade delegates in Vienna.) Stankovic is seeking a wide variety of these transit goods, including pharmaceutical supplies and stationary. In the past, he had been interested solely

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in tools, steel, metal products, machines, and other items on the priority purchasing list issued by Belgrade.

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- 4. On 8 January, Stankovic stated that a large-scale reorganization is taking place in the Ministry of Trade in Belgrade, and that a drastic personnel shake-up is expected. At present, export-import activities of the Federal Republics are rigidly controlled by the Central Ministry. The Yugoslav trade delegation in Vienna hopes that the reorganization of the Trade Ministry will mean increased autonomy for the foreign trade committees of the republics.
- 5. Source reports that the Soviets are increasingly desirous of selling USIA goods for schillings rather than Swiss francs, dollars, or compensation goods. Interprets this tendency, first observed in early December 1948, as a Soviet effort to build up a schilling reserve with a view to benefiting from the anticipated increase in schilling purchasing power and the possible stabilization of the schilling in the event of the conclusion of a peace treaty.

 Comment: This confirms previous reports from other sources.)

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